

# Congressman Childers Votes for Crackdown on Mortgage and Corporate Fraud

Congressman Childers Votes for Crackdown on Mortgage and Corporate Fraud

Bipartisan Bill Reforms Financial Markets, Prevents Fraud

May 19, 2009

Washington, DC - Congressman Travis Childers (D-MS) joined colleagues on both sides of the aisle last night in voting for legislation to strengthen federal law enforcement agencies' ability to fight financial fraud, protect taxpayer money, and help prevent another economic crisis. The bill now heads to the President's desk for his signature.

"Hard working Americans are struggling in the face of our current economic crisis. We need to clean up the mess we inherited, hold the responsible institutions accountable, and ensure that this does not happen again," said Congressman Childers. "The Fraud Enforcement and Recovery Act is a significant and commonsense step in the right direction. The bill will help renew accountability in the financial and housing markets and ensure that taxpayer dollars are spent responsibly. I look forward to seeing it become law very soon."

The Fraud Enforcement and Recovery Act of 2009 is yet another step taken by Congressman Childers to reform Washington and Wall Street in order to better serve the people of Mississippi's First Congressional District. Recently, Congress passed, and Congressman Childers voted in support of, the Credit Cardholders' Bill of Rights and the Mortgage Reform and Anti-Predatory Lending Act. Both bills passed with strong bipartisan support.

The Fraud Enforcement and Recovery Act of 2009 will do the following:

- Updates Federal Fraud Statutes to Include Mortgage-Lending Businesses: Extends Federal fraud laws (including false statements, mail and wire fraud, and financial institution fraud) to apply to mortgage lending businesses, not directly regulated or insured by the Federal Government. These lenders were responsible for nearly half the residential mortgage market before the economic collapse, yet they remain largely unregulated and outside the scope of traditional Federal fraud statutes.
- Creates Financial Crisis Inquiry Commission: Creates an outside commission to investigate the causes of the current financial and economic crisis in the United States - similar to the investigation of the Pecora congressional committee that examined the Stock Market Crash of 1929. The Pecora investigation uncovered fraudulent and unscrupulous practices on Wall Street that undermined the financial system. That congressional investigation contributed to the development of the regulatory system that governed our financial markets for decades.
- Protect Taxpayers Money by Applying Fraud Statute to TARP and Recovery Package: Makes it a federal crime for government contractors to defraud the government of funds under the Troubled Asset Relief Program and the economic stimulus package, including Government purchases of preferred stock in financial institutions.
- Nearly Double FBI's Mortgage, Financial Fraud Program: Includes \$75 million for the FBI to nearly double the size of its mortgage and financial fraud program by hiring 190 additional special agents and more than 200 professional staff and forensic analysts. With this funding, the FBI can double its mortgage fraud task forces nationwide - from 26 to more than 50 - that target fraud in the hardest hit areas of our nation.

- Increases Support for Prosecution, Investigation of Fraud Cases: Authorizes \$50 million per year to U.S. Attorney's Offices to staff the FBI's fraud strike forces, and provides \$40 million to the Department of Justice Criminal, Civil, and Tax Divisions to provide litigation and investigative support in fraud cases.
- Strengthens Analytical, Investigative Capacities of HUD, Secret Service, US Postal Service: Authorizes \$80 million for investigators and analysts at the U.S. Postal Inspection Service, the U.S. Secret Service, and the Office of Inspector General for the Department of Urban Housing and Development to combat fraud in Federal assistance programs and financial institutions.
- Strengthens False Claims Act to Bolster Recovery of Taxpayers' Dollars: Rectifies several federal court decisions that have narrowed the application of the False Claims Act, which allows individual whistle blowers with knowledge that a company, entity, or person has defrauded the U.S. Government to act as a private attorney general to recover the damages owed to taxpayers. Since 1986, suits filed under the Act have recovered over \$22 billion in taxpayer money that otherwise would have been lost to fraud.

# # #